

PROVIDING FOR THE CONSIDERATION OF H.R. 6, HIGHER  
EDUCATION AMENDMENTS OF 1998

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APRIL 28, 1998.—Referred to the House Calendar and ordered to be printed

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Mr. HASTINGS of Washington, from the Committee on Rules,  
submitted the following

REPORT

[To accompany H. Res. 411]

The Committee on Rules, having had under consideration House Resolution 411, by a non-record vote, report the same to the House with the recommendation that the resolution be adopted.

BRIEF SUMMARY OF PROVISIONS OF RESOLUTION

The resolution provides for the consideration of H.R. 6, the “Higher Education Amendments of 1998” under a modified open rule, providing one hour of general debate divided equally between the chairman and ranking minority member of the Committee on Education and the Workforce.

The rule waives all points of order against consideration of the bill. The rule provides that the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill, modified by the amendments printed in part 1 of this report shall be considered as an original bill for the purpose of amendment.

The rule provides that that amendment in the nature of a substitute shall be considered by title and that each title shall be considered as read. The rule waives all points of order against that amendment in the nature of a substitute.

The rule provides that before consideration of any other amendment it shall be in order to consider the amendment printed in part 2 of this report, if offered by Representative Goodling or his designee. The rule provides that that amendment shall be considered as read, shall be debatable for twenty minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for divi-

sion of the question in the House or in the Committee of the Whole. The rule waives all points of order against that amendment.

The rule provides that if that amendment is adopted, the provisions of the amendment in the nature of a substitute as then perfected shall be considered as original text for the purpose of further amendment.

The rule provides that no other amendment to the amendment in the nature of a substitute shall be in order except those printed in the Congressional Record.

The rule allows for the Chairman of the Committee of the Whole to postpone votes during consideration of the bill, and to reduce votes to five minutes on a proposed question if the vote follows a fifteen minute vote.

Finally, the rule provides one motion to recommit with or without instructions.

SUMMARY OF CHAIRMAN GOODLING'S MANAGER'S AMENDMENT,  
PREPARED BY THE COMMITTEE ON EDUCATION AND THE WORKFORCE

The Chairman's Amendment makes five significant changes to H.R. 6 as reported by the Education and the Workforce Committee and many technical and conforming changes.

The significant changes include:

Modifications to the Teacher Quality Enhancement Grants to specifically increase emphasis on partnerships between Governors, exemplary schools of education and local education agencies. It also narrows recruitment activities to schools most in need of quality teachers, such as in poor urban and rural areas;

The adoption of a program to provide grants to combat violent crimes against women on campuses which was considered by the Committee and modified for inclusion in the Chairman's Amendment. This program authorizes the Secretary of Education to provide grant assistance to institutions of higher education for use in providing training to administrators, security personnel, campus personnel and student organizations in order to strengthen effective security and improve victim services for women who are victims of violent crimes;

Modifications to the development of the Free Application for Federal Student Aid that will ensure the inclusion of data items necessary to assist States in the awarding of State financial assistance;

The establishment of interest rates for consolidation loans made on or after October 1, 1998 that will provide borrowers with an interest rate based on the weighted average of their loans consolidated, capped at a maximum rate of 8.25%; and

Establishes clear application requirements for institutions of higher education that wish to offer expanded distance education programs to students. The application requirements are designed to ensure that students are being provided quality education through distance education programs.

*Offsetting amendments*

Default Definition: For all newly delinquent loans after October 1, 1998, change the time period before lenders may file a default

claim from the 180th day from the first delinquency to the 270th day. The guaranty agency time period for filing a reinsurance claim with the Federal government would change from 225th day from the first delinquency to the 315th day. This assumes both outstanding and new loans are affected.

Interest Capitalization: Under current law, the guaranty loan program lenders may capitalize “no more frequently than quarterly”. The Administration has proposed to capitalize the interest accrued on unsubsidized and parent loans only at the time that the borrower enters repayment. Assume only new loans are affected.

Recall Guaranty Agency Reserves: Recall an additional \$65 million in guaranty agency reserves. OMB estimates that guaranty agency reserves currently total \$2.5 billion.

## PART I

Amendments modifying the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce:

Page 189, beginning on line 12, strike paragraph (6) and redesignate the succeeding paragraphs accordingly.

Page 210, beginning on line 10, strike paragraph (7) through line 14 (and redesignate the succeeding paragraph accordingly).

At the end of the bill add the following new title:

## **TITLE XI—OFFSETS REQUIRED**

### **SEC. 1101. ASSURANCE OF OFFSETS.**

(a) DECLARATION.—None of the provisions in this Act should take effect unless it contains the mandatory offsets set forth in subsection (b).

(b) ENUMERATION OF OFFSETS.—The offsets referred to in subsection (a) are provisions that—

(1) change the definition of default contained in section 435(1) to extend the period of delinquency prior to default by an additional 90 days;

(2) capitalize the interest accrued on unsubsidized and parent loans at the time that the borrower enters repayment;

(3) recall \$65,000,000 in guaranty agency reserves, in addition to the amount required to be recalled pursuant to the amendments in section 422 of the Higher Education Act of 1965 contained in this Act;

(4) eliminate the dischargability in bankruptcy of student loans made after the date of enactment of this Act for the cost of attendance for a baccalaureate or advanced degree, and for which the first payment was due more than seven years before the commencement of the bankruptcy action; and

(5) sell sufficient commodities from the National Defense stockpile to generate receipts of \$80,000,000 in fiscal year 1999 and \$480,000,000 over five years.

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1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE GOODLING  
OF PENNSYLVANIA, OR A DESIGNEE, DEBATABLE FOR 20 MINUTES

Page 8, line 5, strike “is redesignated” and insert “is amended by striking subsection (a), and by redesignating subsection (b)”.

Page 23, line 21, insert “or veterinary” after “medical”; and on lines 23 and 24, strike “a graduate medical school” and insert “such school”.

Page 24, strike lines 22 through 24 and insert the following:

“(II) the institution has a clinical training program that was approved by a State as of January 1, 1992, or the institution’s students complete their clinical training at an approved veterinary school located in the United States.

Page 33, line 7, strike “105(b)” and insert “105”.

Page 58, beginning on line 21, strike part E through page 68, line 11, and insert the following:

**“PART E—TEACHER QUALITY ENHANCEMENT  
GRANTS**

**“SEC. 271. PURPOSE.**

“The purposes of this part are—

“(1) to provide competitive grants to States for assistance in strengthening the quality of the teaching force by improving the academic knowledge of teachers in the subject areas in which they teach;

“(2) to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach, including training in the effective uses of technologies in the classroom; and

“(3) to recruit high quality individuals, including individuals from other occupations, into the teaching force.

**“SEC. 272. ELIGIBILITY.**

“(a) DEFINITIONS.—For purposes of this part:

“(1) ELIGIBLE GRANT RECIPIENT.—The term ‘eligible grant recipient’ means—

“(A) other than for the purpose of section 273(b), a Governor of a State, except that if, pursuant to the law or constitution of such State, another individual, entity, or agency in a State that is responsible for the teacher certification and preparation activities contained in the application, such term means that individual, entity, or agency; and

“(B) for the purpose of section 273(b), an eligible partnership.

“(2) ELIGIBLE PARTNERSHIP.—The term ‘eligible partnership’ means an entity consisting of an exemplary private independent or State-supported public institution of higher education which prepares teachers, and a local educational agency, and which may also consist of the eligible grant recipient, other institutions of higher education, public charter schools, public

and private nonprofit elementary and secondary schools, or other public and private nonprofit agencies or organizations.

“(b) APPLICATIONS.—To be eligible to receive a grant under this part, an eligible grant recipient shall, at the time of the initial grant application, submit an application to the Secretary that meets the requirements of this part.

“(c) CONTENTS OF APPLICATION.—Such application shall include a description of how the eligible grant recipient intends to use funds provided under this part and such other information and assurances as the Secretary may require.

**“SEC. 273. USE OF FUNDS.**

“(a) GENERAL ACTIVITIES.—The eligible grant recipient of a State that receives a grant under this subpart shall use a portion of such grant to carry out 1 or more of the following activities:

“(1) Reforming State teacher certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach.

“(2) Providing prospective teachers alternatives to schools of education through programs at colleges of arts and sciences or at nonprofit organizations.

“(3) Funding programs which establish or expand alternative routes to State certification for highly qualified individuals, including mid-career professionals from other occupations, paraprofessionals, and former military personnel.

“(4) Implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach.

“(5) Developing and implementing effective mechanisms to expeditiously remove incompetent or unqualified teachers.

“(6) Recruiting minorities, and others, into the teaching and counseling professions, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring, and support services that include pre-service and in-service components, to serve within schools which have—

“(A) a high percentage of children in poverty;

“(B) low retention rates for teachers; or

“(C) a high percentage of teachers teaching subjects for which they are not qualified to teach.

“(b) PARTNERSHIP ACTIVITIES.—An eligible partnership that receives a grant under this subpart shall use such funds to carry out 1 or more of the following activities:

“(1) Implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach;

“(2) Creating opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

“(3) Providing programs designed to implement the successful integration of technology into teaching and learning.

“(4) Recruiting minorities, and others, into the teaching and counseling professions, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring, and support services that include pre-service and in-service components, to serve within schools which have—

“(A) a high percentage of children in poverty;

“(B) low retention rates for teachers; or

“(C) a high percentage of teachers teaching subjects for which they are not qualified to teach.

**“SEC. 274. COMPETITIVE AWARDS.**

“(a) COMPETITIVE GRANTS.—

“(1) APPLICABILITY.—The Secretary shall make grants in accordance with the requirements of this subsection for any fiscal year for which the amount appropriated under section 276 does not equal or exceed \$250,000,000.

“(2) COMPETITIVE BASIS FOR AWARDS.—The Secretary shall make annual grants under this subsection on a competitive basis.

“(3) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by eligible grant recipients under section 272 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

“(4) PRIORITY.—In recommending applications to the Secretary, the panel shall give priority to—

“(A) applications from States with proposals which promise initiatives to reform State teacher certification requirements which are designed to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach or which include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach; and

“(B) eligible partnership applications which—

“(i) include the eligible grant recipient and demonstrate a high degree of collaboration with the State agency responsible for teacher certification and preparation; and

“(ii) include a local educational agency which includes a school with—

“(I) a high percentage of children in poverty;

“(II) low retention rates for teachers; or

“(III) a high percentage of teachers teaching subjects for which they are not qualified to teach.

“(5) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subsection (c), the extent to

which the application furthers the purposes of this part, and the overall quality of the application, based on the quality and scope of State-supported strategies to improve quality of teacher preparation and their teaching force.

“(6) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made. The Secretary shall use  $\frac{1}{3}$  of the funds made available under this part to fund applications submitted by eligible partnerships.

“(7) SECRETARIAL SELECTION.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall determine, based on the peer review panel’s recommendations, which applications shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

“(B) EFFECT OF RANKING BY PANEL.—In making grants under this part, the Secretary shall select applications according to the ranking of the applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

“(b) FORMULA GRANTS.—

“(1) ALLOTMENT.—For any fiscal year for which the amount appropriated to carry out this part exceeds \$250,000,000, the Secretary shall make allotments to the eligible grant recipient of each State, pursuant to the formula described in paragraph (2), to enable the eligible grant recipient to carry out the activities under this part, including the funding of eligible partnerships to carry out activities described in section 273(b).

“(2) ALLOTMENT FORMULA.—For any such fiscal year, an eligible grant recipient from each State that submits an application under section 272(a) shall receive an allotment under this part in an amount that bears the same ratio to the amount appropriated as the school age population ages 5 through 17 of the State bears to the school age population ages 5 through 17 of all the States, except that no State shall receive less than an amount equal to  $\frac{1}{4}$  of 1 percent of the total amount.

“(c) ADDITIONAL REQUIREMENTS.—

“(1) MATCHING REQUIREMENT.—Each State receiving funds under this part shall provide, from non-Federal sources, an amount equal to  $\frac{1}{2}$  of the amount of the grant in cash or in kind to carry out the activities supported by the grant.

“(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible recipient that receives a grant under this part may use not more than 2 percent of the grant funds for administrative costs.

“(3) REPORTING.—

“(A) IN GENERAL.—An eligible grant recipient that receives a grant under this section shall submit an accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives

and the Committee on Labor and Human Resources of the Senate. Such reports shall include a description of the degree to which substantial progress has been made in meeting the following goals:

“(i) Raising the State academic standards required to enter the teaching profession.

“(ii) Increasing the percentage of classes taught in core academic subject areas by teachers fully certified by the State to teach in those subject areas.

“(iii) Decreasing shortages of qualified teachers in poor urban and rural areas.

“(iv) Increasing opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

“(B) ACCOUNTABILITY OF STATE INSTITUTION OF HIGHER EDUCATION.—Prior to receiving funds under this part, an eligible grant recipient shall demonstrate that at least 80 percent of graduates of each of the exemplary institutions of higher education in any eligible partnership described in section 273(a)(2) who enter the field of teaching pass all applicable State qualification assessments of new teachers, which must include assessments of each prospective teacher’s subject matter knowledge in the content area or areas in which the teacher provides instruction. Prior to each subsequent receipt of funds under this part, such State shall demonstrate that 70 percent of the graduates of each institution of higher education in the State have met such goal and continue to progress to exceed such goal. Such assessment shall be at least as rigorous as those in place on the date of enactment of this Act and shall have qualifying scores no lower than those in place on the date of enactment of this Act.

“(C) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under subparagraph (A) to the peer review panel convened under subsection (a)(3). The panel shall use such accountability report in recommending applications for subsequent funding under this section.

“(4) TEACHERS QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that participates as an eligible recipient or partner under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school in the local educational agency, information regarding the qualifications of the student’s classroom teacher, both generally and with regard to the subject matter in which the teacher provides instruction.

**“SEC. 275. LIMITATIONS.**

“(a) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home



school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this part.

“(b) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State’s treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

“(c) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any national system of teacher certification.

**“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.**

“There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the fiscal years 1999 through 2003.”.

Page 68, after line 11, insert the following new sections (and redesignate the succeeding section and conform the table of contents accordingly):

**SEC. 206. CAMPUS SAFETY.**

(a) GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.—Title II is further amended by adding at the end the following new part:

**“PART F—GRANTS TO COMBAT VIOLENT  
CRIMES AGAINST WOMEN ON CAMPUSES**

**“SEC. 281. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON  
CAMPUSES.**

“(a) GRANTS AUTHORIZED.—

“(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education for use to provide training to administrators, security personnel, and campus personnel and student organizations for the purpose of developing and strengthening effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victims services agencies.

“(2) AWARD BASIS.—The Secretary shall award grants and contracts under this section on a competitive basis.

“(3) EQUITABLE PARTICIPATION.—The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions in the activities assisted under this part.

“(4) PRIORITY.—In the award of grants and contracts under this section, the Secretary shall give priority to institutions of higher education or consortia of such institutions that show the greatest need for the sums requested.

“(b) USE OF GRANT FUNDS.—Funds provided under this part may be used for the following purposes:

“(1) To provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual assaults, stalking, and domestic violence.

“(2) To implement and operate education programs for the prevention of violent crimes against women.

“(3) To develop, enlarge, or strengthen support services programs including medical or psychological counseling for victims of sexual offense crimes.

“(4) To create, disseminate, or otherwise provide assistance and information about victims’ options on and off campus to bring disciplinary or other legal action.

“(5) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

“(6) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

“(7) To develop, enlarge, or strengthen victim services programs for local campuses and to improve delivery of victim services on campuses.

“(8) To provide capital improvements (including improved lighting and communications facilities but not including the construction of buildings) on campuses to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

“(9) To support improved coordination between campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

“(c) APPLICATIONS.—

“(1) IN GENERAL.—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

“(2) CONTENTS.—Each application submitted under paragraph (1) shall—

“(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

“(B) describe how the campus authorities shall consult and coordinate with nonprofit and other victim services programs, including sexual assault and domestic violence victim services programs;

“(C) provide measurable goals and expected results from the use of the grants funds;

“(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made avail-

able by the applicant for the purpose described in this part; and

“(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

“(3) COMPLIANCE WITH CAMPUS CRIME REPORTING REQUIRED.—No institution of higher education shall be eligible for a grant under this section unless such institution is in compliance with the requirements of section 485(f) of this Act.

“(d) REPORTING.—Not later than 180 days after the end of the fiscal year for which grants are made under this part, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

“(1) the number of grants and funds distributed under this part;

“(2) a summary of the purposes for which these grants were provided and an evaluation of their progress;

“(3) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, disability, relationship to offender, geographic distribution, and type of campus; and

“(4) an evaluation of the effectiveness of programs funded under this part, including an evaluation based on the reduction observed in crimes reported pursuant to section 485(f).

“(f) GRANTEE REPORTING.—Upon completion of the grant or contract period under this section, the grantee institution or consortium of such institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

“(g) DEFINITIONS.—In this part—

“(1) the term ‘domestic violence’ includes acts or threats of violence, not including acts of self-defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction;

“(2) the term ‘sexual assault’ means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison and includes both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

“(3) the term ‘victim services’ means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women’s centers, rape crisis centers, battered women’s shelters, and other sexual assault or domestic violence programs including campus counseling sup-

port and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

“(h) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated \$10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.”.

Page 108, line 19, insert “State agencies,” after “such as”.

Page 132, line 15, strike “computer-related careers” and insert “careers in information technology”.

Page 135, line 12, strike “September 30, 2001” and insert “the earlier of the date of enactment of the Higher Education Amendments of 1998 or October 1, 1998”.

Page 141, beginning on line 22, strike paragraph (5) through page 142, line 4, and insert the following:

“(5) interest earned on the Federal Fund during the first 3 years after the date of enactment of this section by a limited number of guaranty agencies (not to exceed 10) that demonstrate to the Secretary the potential for a negative cash flow in the Operating Fund during the restructuring of their operations in accordance with the requirements of this section and section 422A.

Page 144, line 23, strike “\$30,000,000” and insert “\$43,000,000”.

Page 145, line 16, strike “\$150,000,000” and insert “\$215,000,000”.

Page 145, line 21, insert “agency” after “guaranty”.

Page 148, strike lines 10 through 17 and insert the following:

(3) GUARANTY AGENCY RESERVE LEVEL.—Section 428(c)(9) is amended—

(A) in subparagraph (A), by striking “.5 percent” and inserting “0.25 percent”; and

(B) in subparagraph (C)—

(i) by striking “80 percent pursuant to section 428(c)(1)(B)(ii)” and inserting “85 percent pursuant to paragraph (1)(B)(i) of this subsection”; and

(ii) by striking “30 working days” and inserting “45 working days”.

Page 149, beginning on line 23, strike “presented that the guaranty agency successfully brings” and insert “paid as a result of the loan being brought”.

Page 150, beginning on line 8, strike “the borrower” and all that follows through the period on line 10 and insert the following: “at least 12 months has elapsed between the date the borrower became current in his or her payments and the date the lender filed a subsequent default aversion assistance request.”.

Page 153, strike lines 5 through 12 and insert the following:

“(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the lesser of—

“(A)(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

“(ii) 3.1 percent; or

“(B) 9.0 percent.

“(4) CONSOLIDATION LOANS.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after October 1, 1998, the applicable rate of interest shall be at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

“(A) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or

“(B) 8.25 percent.

Page 154, line 8, after “paragraph,” insert “and except as provided in subparagraph (B),”.

Page 155, line 10, strike “clause (iv)” and insert “clause (v)”.

Page 155, strike lines 12 through 23 and insert the following:

“(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or after October 1, 1998, and for which the applicable interest rate is determined under section 427A(a)(4), clause (i)(III) of this subparagraph shall be applied by substituting ‘3.1 percent’ for ‘2.8 percent’, subject to clause (v) of this subparagraph.

“(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS AND CONSOLIDATION LOANS.—In the case of PLUS loans made under section 428B and disbursed on or after July 1, 1998, for which the interest rate is determined under 427A(a)(3), a special allowance shall not be paid for such loan unless the rate determined under subparagraph (A) of such section (without regard to subparagraph (B) of such section) exceeds 9.0 percent. In the case of consolidation loans made under section 428C for which the application is received by an eligible lender on or after October 1, 1998, and for which the applicable interest rate is determined under section 427A(a)(4), a special allowance shall not be paid for such loan unless the rate determined under subparagraph (A) of such section (without regard to subparagraph (B) of such section) exceeds 8.25 percent.”.

(2) CONSOLIDATION LOANS.—Section 428C(c)(1) (20 U.S.C. 1078–3) is amended—

(A) by striking everything preceding subparagraph (D) and inserting the following:

“(1) INTEREST RATE.—(A) Except as provided in subparagraph (B), with respect to any loan made under this section for which the application is received by an eligible lender on or after October 1, 1998, the applicable interest rate shall be determined under section 427A(a)(4).”; and

(B) by redesignating subparagraph (D) as subparagraph (B).

(3) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking “In the case” and inserting “Subject to subparagraph (F), in the case”.

Page 156, strike line 21 and all that follows through page 157, line 5, and insert the following:

that sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

Page 157, line 6, strike “clause (ii) of”.

Page 164, strike lines 21 and 22 and insert the following:

“(2) LIMITATIONS ON BLANKET CERTIFICATE OF GUARANTY.—

(A) An eligible lender may not make a loan to a borrower under this section after such lender receives a notification from the guaranty agency that the borrower is not an eligible borrower.

“(B) A guaranty agency and eligible lender

Page 171, strike line 23 and all that follows through page 172, line 6, and insert the following:

statement that sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.”.

Page 172, after line 22, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) CAPITALIZATION OF INTEREST.—Section 428H(e)(2) is amended to read as follows:

“(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

“(A) be paid monthly or quarterly; or

“(B) be added to the principal amount of the loan by the lender only—

“(i) when the loan enters repayment;

“(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

“(iii) at the expiration of a period of deferment; and

“(iv) when the borrower defaults.

Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.”.

Page 176, line 5, insert “in accordance” after “note”.

Page 184, after line 16, insert the following new subsections:

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(l) is amended—

(A) by striking “180 days” and inserting “270 days”; and

(B) by striking “240 days” and inserting “330 days”.

(2) EFFECTIVE DATE.—The amendment made by paragraph

(1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

(e) COHORT DEFAULT RATE: REHABILITATION.—Section 435(m)(2)(C) is amended by adding at the end the following new

sentences: “Within 2 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary shall, by regulation, require guaranty agencies to collect data with respect to defaulted loans in a manner that will permit the identification of any defaulted loan for which (i) the borrower is currently making payments and has made not less than 6 consecutive on-time payments by the end of such following fiscal year, and (ii) a guaranty agency has renewed the borrower’s title IV eligibility as provided in section 428F(b). Upon a determination by the Secretary that such data is available, the Secretary shall, by regulation, prescribe the extent to which any such defaulted loan may be excluded from the calculation of the cohort default rate under this subsection.”.

Page 184, beginning on line 18, strike subsection (a) through line 22 (and redesignate the succeeding subsections accordingly).

Page 184, line 23, strike “(b) DISCHARGE.—”.

Page 203, after line 2, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

“(4) CONSOLIDATION LOANS.—Any Federal Direct Consolidation loan for which the application is received on or after October 1, 1998, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

“(i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or

“(ii) 8.25 percent.

Page 203, line 23, strike “The amendments” and insert “Except as otherwise provided therein, the amendments”.

Page 220, line 14, strike “and” and after line 14 insert the following new subparagraph (and redesignate the succeeding subparagraph accordingly):

(F) in paragraph (3)(A)(i), by striking “(H), or (I)” and inserting “(H), (I), (J), or (K)”; and

Page 224, strike lines 15 through 21 and insert the following:

“(6) ALLOWANCE FOR PARENTS’ NEGATIVE ADJUSTED AVAILABLE INCOME.—The allowance for parents’ negative adjusted available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (2) exceeds the sum of the parents’ total income (as defined in section 480) and the family contribution from assets (as determined in accordance with subsection (c)).”.

Page 227, line 17, strike “1997–1998” and insert “1999–2000”.

Page 227, line 25, strike “1996” and insert “1998”.

Page 228, after line 2, insert the following new section (and redesignate the succeeding sections and conform the table of contents accordingly):

**SEC. 452. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.**

Section 479 is amended—

(1) in subsection (b)(3)—

(A) in the matter preceding subparagraph (A), by striking “this paragraph” and inserting “this subsection, or subsection (c), as the case may be,”;

(B) in subparagraph (A), by striking “or” at the end thereof;

(C) by redesignating subparagraph (B) as subparagraph (C); and

(D) by inserting after subparagraph (A) the following new subparagraph:

“(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a qualifying form only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph(A); or”;

(2) in subsection (c)—

(A) by amending paragraph (1)(A) to read as follows:

“(A) the student’s parents file, or are eligible to file, a form described in subsection (b)(3), or certify that they are not required to file an income tax return and the student files, or is eligible to file, such a form, or certifies that the student is not required to file an income tax return; and”; and

(B) by amending paragraph (2)(A) to read as follows:

“(A) the student (and the student’s spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or certifies that the student (and the student’s spouse, if any) is not required to file an income tax return; and”.

Page 231, line 15, strike “and”, and after such line insert the following new subparagraph (and redesignate the succeeding subparagraph accordingly):

(C) by striking the second sentence and inserting the following: “The Secretary shall include on the form developed under this subsection such data items as the Secretary determines are appropriate for inclusion, selected in consultation with States to assist in the awarding of State financial assistance, except that in no case shall the number of such data items be less than the number included on the form on the date of enactment of the Higher Education Amendments of 1998.”; and

Page 232, line 12, strike “graph” and insert “graphs”.

Page 233, strike lines 6 through 18, and on line 19, strike “No fee shall” and insert the following:

“(C) No fee shall

Page 234, line 17, strike the close quotation marks and following period and after such line insert the following new paragraph:

“(6) SUPPORT TO THIRD PARTY SERVICERS AND PRIVATE SOFTWARE PROVIDERS.—The Secretary shall support private organizations and consortia thereof in the development of software used by eligible institutions for the administration of funds under this title. The Secretary shall provide in a timely manner to such organizations and consortia all necessary specifications that data and software developed, produced, and distributed (including any diskette, modem, or network communications) must meet. These specifications shall contain record layouts for required data and test cases that such organizations



or consortia may use to test the accuracy of its software. The Secretary shall develop in advance of each processing cycle an annual schedule for providing such specifications. The Secretary shall, to the extent practicable, use means of providing such support, including conferences and other meetings, outreach, and technical support mechanisms (including telephone support, training and printed reference materials). The Secretary shall, from time to time, solicit from such organizations and consortia means of improving the support provided by the Secretary.”.

Page 235, line 12, strike “and”; on line 17, strike the period and insert “; and”; and after line 17 insert the following new paragraph:

(3) in paragraph (5), by striking “Trust Territory of the Pacific Islands” and inserting “the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau”.

Page 235, strike lines 18 through 20 and insert the following:

(b) TERMINATION OF ELIGIBILITY.—Section 484(j) is amended to read as follows:

“(j) ASSISTANCE UNDER SUBPARTS 1 AND 3, OF PART A, AND PART C.—Notwithstanding any other provision of law, a student shall be eligible until September 30, 2001, if otherwise qualified, for assistance under subparts 1 and 3 of part A, and part C, of this title, if the student is otherwise qualified and—

“(1) is a citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, and attends an institution of higher education in Guam or a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau; or

“(2) meets the requirements of subsection (a)(5) and attends a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.”.

Page 236, line 2, after “income,” insert “Federal income taxes paid,”.

Page 245, line 17, strike the close quotation marks and following period and after such line insert the following:

“(10) Nothing in this section shall require the reporting or disclosure of privileged information.”.

Page 252, line 16, after the period insert the following:

Each application shall include—

“(1) a description of the institution or consortium’s consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

“(2) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

“(3) a description of the distance education programs to be offered;

“(4) a description of the students to whom distance education programs will be offered;

“(5) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

“(6) such other information as the Secretary may require.

Page 252, line 18, insert “of” after “sample”.

Page 253, strike lines 9 and 10 and insert the following:

“(A) the extent to which the institution or consortia of institutions has met the goals set forth in its application to the Secretary, including the measures of program quality assurance;

Page 262, line 15, insert “and” after the semicolon, and strike lines 16 through 20 and insert the following:

(I) by striking “(J), and (L)” and inserting “and (K)”;

Page 306, strike line 14, and insert the following: “this part for”.

Page 335, after line 15, insert the following new section (and conform the table of contents accordingly):

**SEC. 808. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.**

The Secretary shall, in consultation with the Secretary of Veterans Affairs, develop and implement a procedure under which Department of Veterans Affairs physicians shall provide the certification and affidavits needed to enable eligible disabled veterans to document their eligibility for deferments and cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of the enactment of this Act, the Secretaries of Education and Veterans Affairs shall jointly report to Congress on the progress made in developing and implementing this procedure.

Page 345, beginning on line 9, strike subsection (c) (and redesignate the succeeding subsections accordingly).

Page 347, beginning on line 1, strike title X and insert the following:

## **TITLE X—FACULTY RETIREMENT PROVISIONS**

**SEC. 1001. VOLUNTARY RETIREMENT INCENTIVE PLANS.**

(a) IN GENERAL.—Section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) is amended by adding at the end the following:

“(m) Notwithstanding subsection (f)(2)(B), it shall not be a violation of subsection (a), (b), (c), or (e) solely because a plan of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) offers employees who are serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure) supplemental benefits upon voluntary retirement that are reduced or eliminated on the basis of age, if—

“(1) such institution does not implement with respect to such employees any age-based reduction or cessation of benefits that are not such supplemental benefits, except as permitted by other provisions of this Act;

“(2) such supplemental benefits are in addition to any retirement or severance benefits which have been offered generally to employees serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure), independent of any early retirement or exit-incentive plan, within the preceding 365 days; and

“(3) any employee who attains the minimum age and satisfies all non-age-based conditions for receiving a benefit under the plan has an opportunity lasting not less than 180 days to elect to retire and to receive the maximum benefit that could then be elected by a younger but otherwise similarly situated employee, and the plan does not require retirement to occur sooner than 180 days after such election.”.

(b) PLANS PERMITTED.—Section 4(i)(6) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(i)(6)) is amended by adding after the word “accruals” the following: “or it is a plan permitted by subsection (m).”

(c) CONSTRUCTION.—Nothing in the amendment made by subsection (a) shall affect the application of section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) with respect to—

(1) any plan described in subsection (m) of section 4 of such Act (as added by subsection (a)), for any period prior to enactment of such Act;

(2) any plan not described in subsection (m) of section 4 of such Act (as added by subsection (a)); or

(3) any employer other than an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall take effect on the date of enactment of this Act.

(2) EFFECT ON CAUSES OF ACTION EXISTING BEFORE DATE OF ENACTMENT.—The amendment made by subsection (a) shall not apply with respect to any cause of action arising under the Age Discrimination in Employment Act of 1967 prior to the date of enactment of this Act.